

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re** : **Chapter 11 Case No.**  
: 08-13555(JMP)  
**LEHMAN BROTHERS HOLDINGS INC., et al.:** (Jointly Administered)  
**DEBTORS.** : Refers to Dkt. No. 1424  
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**STIPULATION, AGREEMENT AND ORDER RESOLVING THE  
MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.'S MOTION  
FOR (I) RELIEF FROM THE AUTOMATIC STAY TO EXERCISE SETOFF RIGHTS  
PURSUANT TO SECTION 533 OF THE BANKRUPTCY CODE AND (II) OTHER  
RELATED RELIEF**

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This stipulation, agreement, and order ("Stipulation") is entered into by and between the Midwest Independent System Transmission Operator, Inc. ("MISO") and Lehman Brothers Commodity Services, Inc. ("LBCS") and its affiliated debtors in the above referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors").

**RECITALS**

A. On September 15, 2008 (the "Petition Date"), Lehman Brothers Holdings Inc. ("LBHI") and certain of its subsidiaries commenced voluntary cases under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§101 et seq. ("Bankruptcy Code").

B. On October 3, 2008, LBCS commenced a voluntary case under Chapter 11 of the Bankruptcy Code.

C. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedures ("Bankruptcy Rules"); the Debtors are authorized to operate their

businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code; and on September 17, 2008 the United State Trustee for the Southern District of New York appointed the statutory committee of unsecured creditors pursuant to Section 1102 of the Bankruptcy Code.

D. MISO filed with the Court on November 7, 2008 that certain Motion for (I) Relief from the Automatic Stay to Exercise Setoff Rights Pursuant to Section 553 of the Bankruptcy Code and (II) Other Related Relief [Dkt. No. 1424] (the “Motion”).<sup>1</sup>

E. The parties hereto have agreed to the terms set forth below to resolve the Motion.

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED AND ORDERED** by and between the parties, through their respective undersigned counsel that:

1. This Stipulation shall become immediately effective (and the Motion shall be deemed withdrawn) upon entry by the Court.

2. The automatic stay pursuant to Section 362 of the Bankruptcy Code is modified to permit MISO to immediately exercise its right of setoff under the Tariff.

3. LBCS and MISO reserve all of their rights, claims and defenses, including pursuant to 11 U.S.C. Section 506(c), except as expressly set forth in this Stipulation. For the avoidance of doubt, LBCS and MISO each reserve their rights to challenge the calculation of the amounts included in any netting calculations.

4. In the event that the Court does not approve this Stipulation, it shall be null and void and of no force and effect.

5. This Stipulation contains the entire agreement between the parties relating to the

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

MISO's motion for relief from stay.

6. This Stipulation can only be amended or otherwise modified by a signed writing executed by the parties.

7. The person who executed the Stipulation by or on behalf of each respective party represents and warrants that he or she has been duly authorized and empowered to execute and deliver this Stipulation on behalf of such party.

8. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies, or facsimiles signed by the parties here to be charged.

9. Simultaneously with the submission of this Stipulation to the Court, MISO shall provide a copy of this Stipulation: (i) by mail to counsel to the Debtors; (ii) by mail to counsel to the Official Committee of Unsecured Creditors; (iii) by mail to the Office of the United States Trustee and the Office of the United States Attorney for the Southern District of New York; and (iv) by electronic means through the ECF notification system upon those parties requesting notice pursuant to Fed. R. Bankr. P. 2002 and the ECF notification system. Such notice is good and sufficient and no further notice is required.

Dated: January 30, 2009  
New York, New York

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*Attorneys for the Midwest Independent  
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*Attorneys for the Debtors and Debtors in  
Possession*

SO ORDERED this 11th day of February, 2009

/s/ James M. Peck

HONORABLE JAMES PECK  
UNITED STATES BANKRUPTCY JUDGE